

**Top Secret**

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 25 August 1978 CG NIDC 78/199

**NATIONAL SECURITY INFORMATION**

Unauthorized Disclosure Subject to Criminal Sanctions

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State Dept. review

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**Page Denied**

National Intelligence Daily Cable for Friday, 25 August 1978.

The NID Cable is for the purpose of informing senior US officials.

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USSR - CHINA - WEST EUROPE

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[ ] The USSR warned West European governments, in an authoritative Pravda article yesterday, not to sell advanced arms and technology to China. The article reflects Soviet concern over expanded Chinese - West European contacts, and it may presage complaints through diplomatic channels.

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[ ] The commentary was signed by "Observer," an indication of approval by the top leadership. The title, "A Short-sighted and Dangerous Policy," uses remarks Soviet President Brezhnev made last month in a speech admonishing the West not to "play the China card" against the USSR.

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[ ] Pravda asserted that Chinese delegations visiting European capitals have only one aim--to obtain modern military hardware and technology in support of Peking's "hegemonistic designs." The article criticized the UK for showing interest in selling jet fighters and tanks to China and the European Community for signing an economic agreement with China last April. The Soviets claim that the latter accord in effect excludes Peking from restrictions on the sale of strategic materials to Communist countries.

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[ ] The Soviets have directed their previous high-level public warnings against cooperation with China mainly at the US, particularly since the visits to Peking of presidential advisers Brzezinski and Press. More recently, both Soviet propaganda and Brezhnev's private remarks to West German Chancellor Schmidt in Bonn in May have revealed Moscow's rising concern over the prospect of West European arms sales to China. That concern has almost certainly increased since the US press began speculating that Washington will drop objections to the sale of defensive weapons to China by NATO countries.

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[ ] Moscow may believe that the West Europeans are more susceptible than the US to Soviet pressures, and the Pravda article may foreshadow private high-level warnings such as those made to France late last year. "Observer" asserted that selling arms to China would be a "political miscalculation fraught with serious consequences" that could unravel the fabric of European detente.

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[ ] The article also took aim at Chinese Premier and Party Chairman Hua Kuo-feng. Referring to his visits to Romania and

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Yugoslavia, it attacked efforts by Peking leaders to undermine the political and ideological unity of the Communist states in Eastern Europe.

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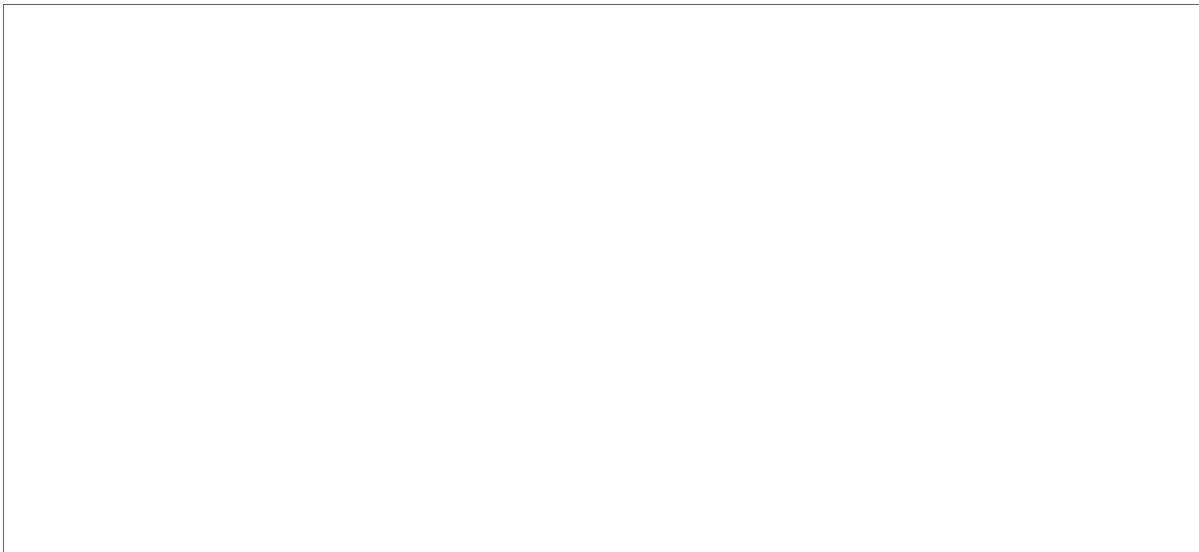
[ ] The Soviets are especially bothered by the success of Hua's visit to Yugoslavia and have criticized the conduct of both Hua and his hosts. TASS noted yesterday that Hua has sharpened his attacks on Soviet policy since arriving in Belgrade and charged that Yugoslav newspapers have done nothing to dissociate themselves from his remarks. The Soviet commentary also highlighted the plans for further development of relations between the Chinese and the Yugoslav parties and raised the possibility of Yugoslav arms deliveries to China. [ ]

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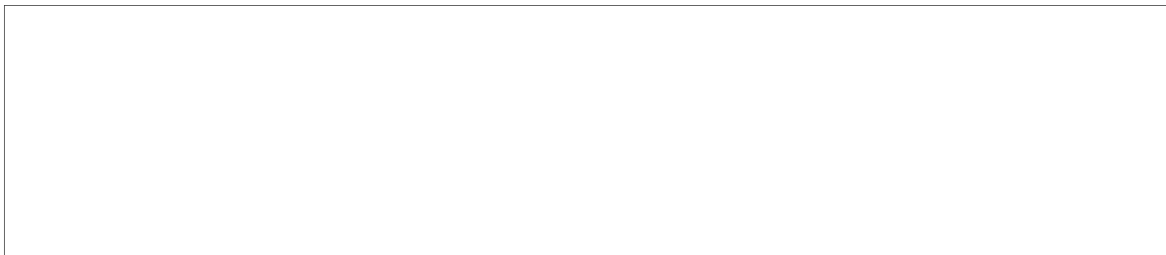
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#### SOUTH AFRICA - ZAMBIA: Raids


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 //South African ground forces began a limited incursion into Zambia on Wednesday in retaliation for the shelling of a South African Army base in Namibia by guerrillas of the South-West Africa People's Organization. The choice of a "hot-pursuit" raid rather than stronger actions reflects South Africa's intent to avoid disrupting the delicate political process in Namibia and to reduce unfavorable international reaction.//

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 Zambian Foreign Minister Mwale yesterday told foreign representatives in Lusaka that about 200 South African soldiers began the raid Wednesday afternoon and were still in Zambia yesterday. He said that the attackers had killed 12 civilians and shelled a number of buildings and the airport at Sesheke.



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[redacted] Pretoria's decision to limit its military reprisal probably was influenced by UN Special Representative Ahtisaari's recent visit to Namibia to gather information that will contribute to Secretary General Waldheim's recommendations to the Security Council on implementation of the Western settlement proposal for Namibia. The South African military commander in Namibia took the opportunity to brief the UN delegation on indications that SWAPO was planning an attack into the Caprivi Strip, and South African Government leaders may now hope that Ahtisaari will support UN measures to curtail guerrilla incursions from Zambia and Angola. [redacted]

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KENYA: Situation Report

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 Kenya's Acting President Moi and his colleagues are continuing their efforts to ensure a smooth transition following the death early this week of Jomo Kenyatta.

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 Attorney General Njonjo, a strong supporter of Moi, has apparently taken the lead in seeing that succession provisions of the constitution are followed. According to a source of the US Embassy, Njonjo wants to restrict the country's only political party to one candidate, who, in the absence of other nominees, would then be proclaimed president.





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[Redacted] Political maneuvering is probably subdued in the wake of Kenyatta's death and will not go into high gear until after the funeral and the announcement of a nominating date. A struggle for the nomination between Moi--a member of the minority Kalenjin tribal group--and his opponents from Kenyatta's inner circle of Kikuyu tribal leaders could strain the already weak party apparatus and upset the current calm.

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[Redacted] The performance of Moi and his supporters so far, however, suggests that they will be able to consolidate their position and secure the nomination for Moi or possibly for a compromise candidate such as Finance Minister Kibaki, a popular Kikuyu in the Moi camp.

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[Redacted] There have been no serious security problems since Kenyatta's death, and major leaders such as Moi seem relaxed and confident. Military and police units remain on alert as a precautionary measure. The military seems content to maintain its neutral position. [Redacted]

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#### NICARAGUA: National Strike

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[Redacted] *The successful conclusion yesterday of the Nicaraguan guerrilla operation apparently has encouraged the forces opposed to President Somoza to resurrect plans for a national strike. Some organizers would like to launch the strike today, but it could be delayed until next week. Somoza has weathered two national strikes this year, but an effective shutdown of commercial activity for more than a few days would aggravate economic difficulties and clearly increase pressure on the government.*

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[Redacted] President Somoza appeared pleased with the governments handling of the guerrilla operation and confident that it would turn public opinion against the Sandinista National Liberation Front. Cheering crowds that witnessed the airport departure, however, probably accurately illustrate the growing popularity of the guerrillas. The Sandinistas flew to Panama accompanied by several mediators and by 50 compatriots and political prisoners whose release they had demanded. The guerrillas also obtained \$500,000 in ransom.

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[Redacted] Earlier this week, leaders of the Broad Opposition Front, a loose coalition of most anti-Somoza groups, canceled

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[redacted]

strike plans because business support was lacking. Now they hope to capitalize on the heightened opposition mood generated by the guerrilla operation. The effectiveness of the stoppage will also be enhanced by a recent unpopular increase in consumer taxes and by existing strikes by health and construction workers.

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[redacted] The key to success, however, will be business participation. Workers and small merchants, particularly those outside the capital, will probably back the strike initially. Owners of larger businesses, on the other hand, are frightened by the specter of guerrilla violence and, moreover, seem more reluctant to incur the economic losses a long strike would entail. [redacted]

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#### CHINA - NORTH KOREA: Agriculture

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[redacted] *//China is likely to exceed last year's estimated 285-million-ton grain harvest, barring adverse weather for the remainder of the crop season. This would be the first significant increase in agricultural output since 1975. Grain production in North Korea this year should equal, and may exceed, the 1977 harvest--reportedly a record 8.5 million tons.//*

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[redacted] *//The Chinese have yet to harvest some 60 percent of the 1978 grain crop. Coarse grains throughout most of the North China Plain are faring better than last year, when extensive flooding and waterlogging led to widespread crop losses. Growing conditions in Northeast China are similar to last year's excellent conditions except in scattered localities where heavy rains are causing waterlogging and will bring local yields below last year's levels.//*

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[redacted] *//Growing conditions for intermediate and late rice crops are largely favorable except in areas of South China where heavy rains caused recently transplanted late rice seedlings to float. Delays in replanting may cause reduced yields if there is an early fall cool spell.//*

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[redacted] *//China's winter grain output was reportedly 5 million tons over last year's poor harvest.* [redacted]

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[redacted]

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[redacted] //The North Koreans are in a good position to equal or even exceed last year's record grain output. There appear to be no significant problem areas, an indication that the irrigation systems were effective in combatting a spring drought.//

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[redacted] //North Korea's reported increased use of high-yielding rice varieties and the greater area planted to corn should more than offset the limited crop damage that resulted from heavy thunderstorms earlier this summer. With good weather for the remainder of the crop season, the harvest could even reach the target of 8.8 million tons called for in the 1978 plan. [redacted]

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#### INTERNATIONAL: Racism Conference

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[redacted] //The World Conference to Combat Racism and Racial Discrimination, which opened in Geneva two weeks ago, is scheduled to close late today with adoption of a declaration and a plan of action. It appears that the declaration will not specifically equate Zionism and racism. Instead, the version likely to be adopted condemns Israeli - South African cooperation and denounces Israeli discrimination against the Palestinians. The major countries of the European Community have threatened, however, to dissociate themselves from the conference if the references to Israel remain.//

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[redacted] //The World Conference hopes to draw up a plan to implement UN decisions on racism, racial discrimination, apartheid, and decolonization. The US and Israel have boycotted the conference.//

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[redacted] //In a tactical move to ensure African and Arab solidarity, the Arab group drafted statements against Israel that stop short of directly equating Zionism with racism. The statements claim that there is an expanding relationship between Israel and South Africa in the economic, commercial, military, and nuclear fields. The statement condemns this alliance. Its language has been incorporated in a draft presented by the Africans that is now the subject of intense negotiation within a working group. [redacted]

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[REDACTED]

BRIEFS

International

25X1 [REDACTED] Increased chartering of tankers throughout the world has pushed tanker rates to their highest level since the rush at the end of 1977 to transport oil cargoes before an anticipated oil price boost. The current upward trend in charter rates began in the Persian Gulf, where average rates for shipments to Europe on very large crude carriers have risen from \$3.38 per ton in early June to more than \$6.76 a ton in mid-August.

25X1 [REDACTED] Voyage chartering on the Gulf-to-Europe route reached a historic high during the week ending 4 August but slumped again the following week. Along with increasing demand, the number of ships available for charter in the Gulf dropped sharply in mid-July and probably fell to zero in early August.

25X1 [REDACTED] The demand for tankers has increased because charterers assume that another oil price increase is inevitable. Japan's implementation of its scheme to store oil in large tankers has undoubtedly also put short-term pressure on rates. Enough tanker owners probably will be taking tankers out of lay-up and returning them to service to cause a leveling of rates within a month. [REDACTED] 25X1

Iceland

25X1 [REDACTED] Ludvik Josepsson, Communist leader of Iceland's People's Alliance, yesterday gave up his effort to form a government but apparently is willing to continue negotiations with the Social Democrats and the Progressives. The negotiations, which have been concentrating on the details of a government economic program, stalled when the Social Democrats balked at the Communists' demand for the office of prime minister. President Eldjarn probably will call on the leader of the Progressive Party to try to form a coalition and end the two-month hiatus in government. [REDACTED] 25X1

International

25X1 [REDACTED] //Jamaican Prime Minister Manley is apparently trying to reschedule a summit meeting of world leaders to

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consider a variety of North-South economic issues. Manley, who first suggested the summit conference last winter, called off a meeting scheduled for late May when West German Chancellor Schmidt and Canadian Prime Minister Trudeau were unable to participate at that time.//

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[redacted] //Manley has now reportedly invited West Germany, the UK, Canada, Australia, Denmark, Norway, Nigeria, Venezuela, Tanzania, and Malaysia to meet in Jamaica in August or September. Schmidt has replied that he is prepared to participate in the meeting but suggested that December or January would be a better time. The meeting would then fall between the resumed negotiations on the Common Fund scheduled for November and the ministerial conference of the developing countries' Group of 77 in February. [redacted]

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#### UNESCO

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[redacted] Amadou M'Bow, Director General of the UN Educational, Scientific, and Cultural Organization, released the final draft on Wednesday of a declaration on mass media that closely resembles one submitted to UNESCO by the USSR in 1972. If the text is adopted at the 20th UNESCO General Conference in October, it will endorse principles that make governments responsible for the publications, activities, and staff of their countries' news media operating internationally and sanction direct government control over domestic media. The declaration will also permit regulation of local correspondents of foreign news media.

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[redacted] Western media have harshly criticized the draft. Some developing states and most Western nations oppose it and will attempt to block its submission to the conference this fall. This effort is unlikely to succeed, however, as M'Bow is under considerable pressure to introduce the draft to ensure support from those developing states that originally approved his candidacy as UNESCO Director General. [redacted]

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